

MINUTE ITEM

This Calendar Item No. 36  
was approved as Minute Item  
No. 36 by the State Lands  
Commission by a vote of 3  
0 at its 9/30/76  
meeting.

MINUTE ITEM

9/30/76  
WMT

36. PROPOSED EXPENDITURE OF TIDELAND OIL REVENUE FOR SUBSIDENCE  
REMEDIAL WORK, CITY OF LONG BEACH - W 10308.

During consideration of Calendar Item 36 attached, Mr. W. M. Thompson, Manager, Long Beach Operations, explained the item. In summary, he stated the dispute over this item is that the expenses of land fill, relocation, and raising of oil wells and facilities on this project had previously been deducted from tideland oil revenue as subsidence costs. The staff does not believe that the expenses of reconstituting the fill and lowering the oil wells and facilities should be considered as subsidence costs, and therefore the staff recommended a reduction be made in subsidence costs from the 45% of project costs requested by the City to 13%. Mr. Einar Peterson representing the City of Long Beach appeared but was not prepared to speak on this item but did have information on it.

Upon motion duly made and carried, the resolution as presented in Calendar Item 36 was adopted by a vote of 3-0.

At this time, Mr. Peterson reappeared. He stated that since this proposal was presented to the staff in May of this year and the staff only responded two weeks ago, the City is placing staff on notice that it deems the action arbitrary and that they have not had a reasonable time to respond. Commission-alternate Sid McCausland suggested the item be rescinded and discussed further before a vote is taken. Chairman Cory asked Mr. Peterson what the City's choice would be. Mr. Peterson stated he was instructed to advise the Commission of the position taken by the City and that the staff's recommendation was arbitrary.

The Commission's action, therefore, did not change and the item remained approved.

Attachment:  
Calendar Item 36 (5 pages)

CALENDAR ITEM

36.

9/76  
W. 10308  
WMT

PROPOSED EXPENDITURE OF TIDELAND OIL REVENUE  
FOR SUBSIDENCE REMEDIAL WORK  
CITY OF LONG BEACH

SUBSIDENCE REMEDIAL PROJECT:  
75-Acre Town Lot Development.

SUBSIDENCE ELEMENTS:

A. City's Analysis: Subsidence costs will be incurred in lowering and grading previously made subsidence fills, lowering previously raised oil wells, replacing roadways and utilities and lowering and relocating a previously raised water main.

B. Staff's Analysis: Subsidence costs are justified for replacement of roadways and utilities, less amounts attributable to betterment.

COST OF THE PROJECT:

A. City's Estimate: \$200,000 (1st Phase).

Subsidence Portion: \$91,320 (45.66%)

B. Staff's Estimate: \$200,000 (1st Phase)

Subsidence Portion: \$27,200 (13.60%)

FISCAL IMPACT: 100% of the subsidence costs will be borne by the State as an incremental cost because the City will receive the maximum payment pursuant to provisions of Ch. 138.

STATUTORY AUTHORITY:

A. City Reference: Ch. 138/64, 1st E. S.

B. Staff Determination: Sec. 1(e).  
Agreement.

COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970,  
AS AMENDED: A project Environmental Negative Declaration was issued by the City of Long Beach Planning Commission July 26, 1976, effective August 5, 1976.

A 52, 57, 58

S 27, 31

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**OTHER PERTINENT INFORMATION:**

Details of the project are set forth in a letter from the City dated May 27, 1976, which supplied supportive material and made request for the Commission's prior approval.

The project area has subsided an average of approximately 17 feet.

The summary of the subsidence cost estimates is shown on Exhibit "A" attached. The staff does not agree with subsidence costs claimed by the City, particularly costs involved in undoing and reconstituting subsidence remedial work, the costs of which were shared by the State, as subsidence remedial cost.

Approval to perform the earth fill work in this project has been previously granted by the Commission.

- EXHIBITS:**
- A. Cost Estimate.
  - B. Vicinity Map.
  - C. Proposal Sketch.
  - D. Negative Declaration.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE CITY OF LONG BEACH ON JULY 26, 1976.
2. CERTIFY THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE NEGATIVE DECLARATION.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. FIND THAT LOWERING OF LANDS PREVIOUSLY RAISED AND LOWERING OF OIL WELLS AND FACILITIES PREVIOUSLY RAISED IN THIS 75-ACRE TOWN LOT DEVELOPMENT AREA DO NOT CONSTITUTE REMEDYING OR PROTECTING AGAINST THE EFFECTS OF SUBSIDENCE AND THEREFORE DO NOT QUALIFY AS SUBSIDENCE COSTS.
5. FIND THAT THE INSTALLATION OF UNDERGROUND TELEPHONE FACILITIES, AS REPLACEMENT FOR OVERHEAD TELEPHONE FACILITIES IN THIS 75-ACRE TOWN LOT DEVELOPMENT AREA, IS BETTERMENT AND THEREFORE DOES NOT QUALIFY AS SUBSIDENCE COSTS.
6. APPROVE COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, FOR PROJECT FIRST PHASE WORK, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FOR THE PERIOD FROM SEPTEMBER 30, 1976, TO TERMINATION SUBJECT TO THE CONDITIONS THAT THE AMOUNTS, DEDUCTIBLE UNDER SECTION 4(d) OF CHAPTER

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138/1964 1ST. H.S., WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED, AND THAT THE WORK CONFORM IN ESSENTIAL DETAILS TO THE PLANS AND BACKGROUND MATERIAL HERETOFORE SUBMITTED TO THE COMMISSION. IT IS FURTHER RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTION OF APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S APPROVAL AND THAT SUCH INSTRUMENTS IDENTIFY THAT SAID APPROVAL SHALL NOT IN ANY WAY CONSTITUTE OR IMPLY ANY COMMITMENT BY THE COMMISSION TO APPROVE SECOND PHASE SUBSIDENCE COSTS FOR THE PROJECT.

Attachment: Exhibit "A"

EXHIBIT "A"

File No. W 10308

<u>Project Code</u>	<u>Proposed Work</u>	<u>City Est. Project Expenditures September 30, 1976 to termination</u>	<u>Estimated Subsidence Costs</u>
*	75-Acre Town Lot Development (1st Phase)	\$200,000	\$27,200(13.60%) +

\*AFE to be assigned

+City's estimated subsidence cost is \$91,320. See page 2 for details.

NOTE: The term "1st Phase" covers costs expended for preliminary work subsequent to review of preliminary plans and/or other adequate description. ("1st Phase" costs are restricted to engineering design, field surveys for design purposes, preparation of preliminary and construction plans, special investigation as may be required for design purposes and preparation of specifications for construction.)

The term "2nd Phase" covers additional costs approved subsequent to review of detail construction plans and/or other data sufficient to perform construction operations.

EXHIBIT "A"

( CONTINUED )

W 10308

SUMMARY OF SUBSIDENCE ESTIMATES

<u>ITEM</u>	<u>Estimated Project Cost</u>	<u>City Subsidence Estimate</u>		<u>State Subsidence Estimate</u>	
		<u>Subs. %</u>	<u>Subs. Amt.</u>	<u>Subs. %</u>	<u>Subs. Amt.</u>
<u>Roadway</u>	\$ 196,000	88	\$ 172,480	88	\$ 172,480
<u>Utilities</u>					
Lower Oil Facilities	990,000	100	990,000(1)	0	0
Lower 24" Water Line	70,000	100	70,000(1)	0	0
Telephone Line	72,000	88	63,360(2)	0	0
Others	563,000	88	495,440	88	495,440
<u>Cargo Areas</u>					
Grading	180,000	100	180,000(1)	0	0
Other	2,853,000	0	0	0	0
*Fill	510,000	100	510,000	100	510,000
<u>Subtotals</u>	<u>\$5,434,000</u>		<u>\$2,481,280</u>		<u>\$1,177,920</u>
<u>Engineering</u>	<u>566,000</u>		<u>258,441</u>		<u>122,691</u>
<u>Totals</u>	<u>\$6,000,000</u>		<u>\$2,739,727</u>		<u>\$1,300,611</u>
*Amt. Previously Approved (Constr. & Engr.)	( 563,121)		( 563,121)		( 563,121)
Amt. for Prior Consideration	\$5,436,879		\$2,176,616		\$ 737,490
Subsidence Factor =	<u>Subsidence Amount</u>	=	<u>\$2,481,280</u>	=	45.66213% City Est.
	<u>Project Cost</u>		<u>\$5,434,000</u>		
			<u>\$ 737,490</u>	=	13.56458% State Est.
			<u>\$5,436,879</u>		call it 13.60%

NOTE:

- (1) The City's subsidence assessment of the cost to redevelop an area previously rehabilitated at subsidence expense is improper.
- (2) Installation of an underground telephone duct system in lieu of an overhead system is considered betterment. It is understood that an overhead system would be installed by the telephone company at no expense to the City.